



PACIFIC
SPECIALTY
INSURANCE
COMPANY

Underwriting and Rate Guide Dwelling Fire Program

STATE OF TEXAS

Edition 2

Texas Dwelling Fire Program

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1. POLICY FORMS AND DWELLING / PROPERTY LIMITS

Pacific Specialty Insurance Company's Texas Dwelling Fire program utilizes the DP-1 policy form, and allows for maximum dwelling (Coverage A) limits of \$300,000.

THE FOLLOWING SECTION IS CONFIDENTIAL

2. ELIGIBILITY

One to four family dwellings, occupied by the titled owner or tenant occupied, and used principally for private residential purposes. Seasonal usage and secondary dwellings, such as lake or beach homes, are acceptable. The dwelling must be:

1. In good repair and the premises free of debris (must show pride of ownership); and
2. In Protection Class 1-10. If Protection Class 8-10, the following rules apply:
 - There must be an available water supply and the means to fight a fire including a responding fire department or private fire fighting equipment on the premises.
 - The property must have access via an all weather road that will allow fire-fighting equipment to reach the premises.

NOTE: *The term "owner" includes persons purchasing a dwelling, such as under a mortgage agreement or contract of sale.*

These Eligibility Guidelines are subject to the SUBMIT FOR APPROVAL and UNACCEPTABLE RISKS sections contained herein.

END OF CONFIDENTIAL SECTION

3. POLICY TERM

Policies will be written for a maximum 12-month term only. An initial term less than 12-months can only be written to ensure that the policy expiration date coincides with the annual expiration date of another insurance policy held by the named insured. If the initial term is less than 12-months, the premium (not the fees) will be prorated. The minimum premiums still apply.

Direct bill premium invoicing is available, unless the initial term is less than 6-months. A premium invoice will be mailed directly to the insured approximately 30 days prior to the billing due date. A \$10 service fee is added to all installments, but is not applied to the initial, or down, payment.

4. OTHER INSURANCE

Other insurance covering the same property is permitted only when the other insurance is for perils not covered by our dwelling fire policy. (For example, flood insurance.)

5. RESTRICTION OF COVERAGE

The named insured can request a restriction on an individual policy. The circumstances or exposure must be so unusual that without the restriction the policy would not be issued. No reduction from the prescribed rate and minimum premium is allowed. Refer each request to PSIC (or its representative).

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6. APPLICATION AND BINDING PROCEDURES

All business must be quoted and bound through the rating facility on PSIC's website (www.PSIC-ONESPOT.com). Please login via the "producers only" link to access the rating facility.

A Pacific Specialty Insurance Company ("PSIC") residential property application must be fully completed and mailed to PSIC (or its representative). Binding is subject to acceptance of the risk by PSIC. The following provisions must be satisfied when the application is submitted:

- A. All underwriting rules are followed; and
- B. A PSIC application (including any/all necessary disclosures) is fully completed and signed by both the applicant and producer; and
- C. Required premium (or minimum required down payment) accompanies application; and
- D. All of the above referenced items are mailed to PSIC (or its representative) within the following number of days from the requested effective date:
 - If premium paid in full, 15 days
 - If optional direct bill installment plan is requested, 5 days

Applications received in our office that are not postmarked within the required binding periods specified above, provided all binding procedures and underwriting criteria are met, will be made effective the date received in our office.

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7. CATASTROPHE MANAGEMENT

A. **Suspension of Binding Authority**

All binding authority is automatically suspended whenever a designated* tropical storm or hurricane is reported to be in the Gulf of Mexico within the intersection of the boundaries of 20° North Latitude and 80° West Longitude along with the appropriate coastal shore.

No applications for new coverage will be accepted. No endorsements of existing policies will be accepted which would have the effect of increasing the company's exposure. Applications with an effective date/postmark combination, which would violate the prohibition(s) listed above, will be rejected and no coverage will exist. Renewals of the company's expiring policies will be issued provided there is no increase in coverage or exposure.

This temporary suspension of binding authority will remain in effect until these binding restrictions have been lifted by PSIC.

**A "designated" tropical storm or hurricane is a windstorm identified as a tropical storm or hurricane by the U.S. National Weather Service.*

B. **General Emergency Restrictions**

Pacific Specialty Insurance Company may also establish discretionary restrictions on binding authority during emergency periods of potential floods, mudslides, forest fires, or other natural or manmade disaster emergencies. Agents who are aware of such conditions SHOULD NOT BIND COVERAGE UNTIL THEY HAVE CALLED THE COMPANY TO VERIFY THAT NO BINDING RESTRICTIONS ARE IN EFFECT.

If enacted, these emergency restrictions will be identical to those detailed in the above "Suspension of Binding Authority" section.

This temporary suspension of binding authority will remain in effect until these binding restrictions have been lifted by PSIC.

C. **Miscellaneous Restrictions**

Pacific Specialty Insurance Company, as part of its Catastrophe Management Program, may also establish at its discretion temporary and/or permanent restrictions on binding authority to properly control and maintain appropriate geographic concentration levels.

D. Special Windstorm, Hail or Hurricane Rules

In order to manage our exposure to wind/hail/hurricane catastrophe(s), please note that all dwelling fire (DP-1) risks located in a TWIA Catastrophe Designated Area will have the NYO5 Windstorm, Hurricane and Hail Exclusion Agreement attached.

END OF CONFIDENTIAL SECTION

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8. INSPECTION FEE, POLICY FEE AND MINIMUM PREMIUMS

An independent inspection firm will be hired to inspect each property on both new and renewal business.

For the dwelling fire program, inspections will be performed on new business and renewals. The inspection fee is \$50 per policy. The new and renewal policy fee is \$35 per policy. The inspection fee and policy fee are non-refundable (fully retained).

The annual minimum written premium (excluding fees) is \$300.

9. COVERAGES AND AMOUNTS

The policy contains coverage for the Dwelling, Other Structures, Personal Property (optional), Fair Rental Value and Other Coverages. All Coverage A amounts are rounded to the next highest \$100 increment (ie: an estimated replacement cost of \$100,413 will be rounded to \$100,500). Below is a brief description of the coverage provided. For a complete description, please refer to the policy.

Policy Form DP-1		
Coverage A: Dwelling	The Described Dwelling	100% of Actual Cash Value
Coverage B: Other Structures	Unattached Other Structures on the Described Location	10% of Coverage A Amount
Coverage C: Personal Property	Personal Property Coverage is Optional	Max. 50% of Coverage A
Coverage D: Fair Rental Value	Fair Rental Value of the Rented Portion of the Described Dwelling	10% of Coverage A Amount
Other Coverages:	Other Structures	10% of Coverage A Amount
	Debris Removal	Incl. in Limit Applied to Damaged Property
	Improvements, Alterations and Additions	10% of Coverage C Amount
	World-Wide Coverage	10% of Coverage C Amount
	Rental Value	10% of Coverage A Amount
	Reasonable Repairs	
	Property Removed	
	Fire Department Service Charge	\$500 Per Occurrence

10. LOSSES INSURED

Below is a brief description of the losses insured (Please refer to the policy for a complete description of the coverage):

Dwelling Fire (Form DP-1)

Damage to insured's property is insured against loss caused by the following named perils, with certain conditions and exclusions:

- 1A. Fire or Lightning
- 1B. Internal Explosion
- 2. Windstorm or Hail
- 3. Explosion
- 4. Riot or Civil Commotion
- 5. Aircraft
- 6. Vehicles
- 7. Smoke
- 8. Volcanic Eruption

IMPORTANT: Please be aware the water damage is not covered by the DP-1 policy. If optional liability coverage (CPL or OLT) is purchased, animal liability is not covered.

11. LOSS SETTLEMENT

Below is a brief description of the loss settlement provisions for Section I of the policy (Please refer to the policy for a complete description of the coverage):

A. Dwelling

Covered property losses are settled at actual cash value (ACV) at the time of loss, but not more than the amount required to repair or replace the damaged property.

B. Personal Property

The loss settlement provision for Personal Property is on an actual cash value basis. Optional Replacement Cost Coverage is available.

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12. SUBMIT FOR APPROVAL

The following risks require prior approval and applications must be submitted unbound:

1. Applicants with no prior insurance during the preceding 30 days (unless a new purchase). Complete details are required.

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13. UNACCEPTABLE RISKS

PACIFIC SPECIALTY INSURANCE COMPANY will not accept the following risks:

A. UNACCEPTABLE LOCATIONS:

1. Properties that are isolated or inaccessible to fire fighting equipment.
2. Properties located in wavewash, sinkhole, pollution, landslide, mudslide, cave-in, brush (native brush must be cleared 1,000 feet from premises), or forested areas or any area of increased fire hazard.
3. Risks located within 1,000 feet from any seacoast, gulf, bay, or any "1st row" coastal property.
4. Risks located on a barrier island or on any land located south and east of the Intracoastal Waterway.

B. UNACCEPTABLE PROPERTIES:

5. Properties that are more than 10 acres in size.
6. Properties not showing pride of ownership (e.g.- premises/dwelling not properly maintained).
7. Properties that do not have a fully functional fire extinguisher located on the premises.
8. Farm or ranch property, including incidental farming or ranching operations
9. Properties with extensive farming or ranching equipment, or barns valued over \$5,000.
10. Properties with any farm animals, including but not limited to horses, cows, sheep, goats, chickens, snakes, etc., or any exotic or unusual pets. Risks with any non-domestic animal(s) maintained as pets.
11. Properties with abandoned, non-operational, not regularly used vehicles, or where company vehicles are stored.
12. Properties with an above-ground pool valued over \$2,500.
13. Properties with pools, hot tubs, spas or similar structures not completely fenced and fully complying with all city and/or county ordinances.

C. UNACCEPTABLE DWELLINGS:

14. Mobile homes, trailers (including recreational and utility), modular homes, boats, houseboats, automobiles, basement homes, portable buildings, prefabricated homes (or similar dwellings) or any structure made of cloth or canvas, or any dwelling sharing a common wall with another property.
15. Dwellings with less than 750 square feet of living area.
16. Dwellings with more than three (3) stories.
17. Dwellings with replacement costs above \$300,000.
18. Dwellings where the current market value is less than replacement cost.
19. Dwellings not on a permanent or solid foundation.
20. Dwellings on posts, stilts or pilings. This does not include dwellings on a solid foundation with post and pier construction that creates a small crawl space under the dwelling.
21. Dwellings without modern and adequate electrical service, plumbing or heating.
22. Dwellings with metal, tin, copper, foam, corrugated, tar, flat or wood (other than treated cedar shake) roofing, regardless of condition.
23. Dwellings with roofs in poor condition will be subject to endorsement limiting perils to fire and lightning only for roof and ensuing damage due to roof failure (ATTACH: Form NYO4, Roof For Fire and Lightning Only Endorsement). This underwriting rule does not apply to dwellings with tile, or certified hail or impact resistant roofs in excellent condition.
24. Dwellings with permanently installed space heaters, unless professionally installed.
25. Dwellings with wood, coal or kerosene stoves as the primary heat source.
26. Dwellings of unusual or irreplaceable construction or cantilevered construction.
27. Dwellings where construction was done by owner, unless a professional licensed contractor, including wiring, heating and plumbing.
28. Dwellings undergoing extensive remodeling, renovation or construction affecting habitability.

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29. Dwellings with unrepaired damage (including earthquake damage) and/or open or pending claims, and/or known potential (a) defects, (b) claims disputes, (c) property disputes, and/or (d) lawsuits.
30. Dwellings with bars over windows, unless quick release.
31. Dwellings without copper wiring and circuit breakers.
32. Dwellings that do not have the minimum number of smoke alarms as required by law.
33. Dwellings that do not have deadbolts on all standard doors that provide access to the dwelling and/or garage.

D. UNACCEPTABLE RISKS:

34. Risks (applicant and/or dwelling) with losses paid in excess of \$2,500 within the last 12 months or losses paid in excess of \$5,000 within the last 24 months or where there are three or more claims within the last 12 months, however, in accordance with Rule 21.1007 of the Texas Administrative Code, this rule does not apply to mold losses that have been fully remediated or to the first two water-related appliance claims, or the first water-related loss that has been fully remediated.
35. Risks with repetitive similar cause losses.
36. Risks with a history of non-pay cancellations with PSIC – more than two non-pay cancellations in a three-year period.
37. Risks where the named insured does not have legal title to the land upon which the insured dwelling is located.
38. Risks with properties owned by well-known personality (entertainer, professional athlete, etc.). This rule does not apply to elected officials.
39. Risks where the titled owner does not reside full time. *This underwriting rule does not apply to Tenant-Occupied or Seasonal risks.*
40. Risks where space is rented in exchange for money, goods, or services to any other person for any purpose. *This underwriting rule does not apply to Tenant-Occupied risks.*
41. Dwellings occupied as rooming houses, fraternities, sororities, student housing or other similar types of occupancies.
42. Risks with any type of business (including childcare provided to unrelated individuals for compensation), trade or illegal activity on the premises.
43. Churches or non-profit organizations.
44. Corporate or Business owned Risks or any Risk titled in corporate or business name.
45. Risks acquired through foreclosure, or in foreclosure presently or within the last 60 days.
46. Risk where the applicant is in bankruptcy.
47. Risks financed by private parties or trustees.
48. Risks that have more than two mortgagees.
49. Risks with more than two unrelated individuals on the deed of trust. (If more than two related individuals are on the deed of trust the risk may be submitted on an approval basis only. Complete details as to the relationship and reason for the multiple names must be submitted.) *This underwriting rule does not apply to Tenant-Occupied risks.*
50. Risks with other insurance in force, except insurance that covers perils not insured by this policy.
51. Risks with four or more named insureds where liability coverage is desired in excess of \$25,000.

END OF CONFIDENTIAL SECTION

14. OPTIONAL COVERAGES AND LIMITS

The following optional coverages and limits are available:

A. Deductibles

The dwelling fire policy comes with a \$1,000 base deductible for all perils and covered losses other than wind and hail. The following optional deductibles are also available.

Deductible	Rate
\$500	5%
\$1,000	Base
\$1,500	-5%
\$2,500	-15%
\$5,000	-20%

Endorsement NYM4, Increased Deductible for Loss or Damage Caused by Tenants, is attached to all policies and increases the policy deductible to \$2,500 for tenant caused damage that is the result of a deliberate act or abuse of the property, unless the \$5,000 policy deductible is selected.

A 2% deductible for wind and hail applies to all dwelling fire policies, subject to a minimum amount that is equal to the deductible for all other perils and covered losses that is selected for the policy. For a 10% surcharge to the basic premium, the wind and hail deductible can be lowered to 1%, subject to the same minimum deductible requirement.

IMPORTANT: PLEASE REVIEW “CATASTROPHE MANAGEMENT GUIDELINES” (page 4) FOR DEDUCTIBLE RESTRICTIONS.

B. Personal Property

Personal property coverage is not included with the base premium for dwelling fire policies. Coverage C for personal property can be purchased, up to a maximum of 50% of Coverage A, at a rate of \$3.00 per thousand (\$1,000) in coverage.

Losses for personal property are settled on an actual cash value basis, unless an additional 15% replacement cost surcharge is applied to the Coverage C amount. This optional replacement cost coverage applies only to, and is only available for, Coverage C (Personal Property).

C. Optional Personal Liability Limits

<i>DP-1</i>		
Limit	Single Unit	Multi-Unit
\$25,000	\$50	\$96
\$50,000	\$78	\$118
\$100,000	\$85	\$132
\$300,000	\$109	\$167
\$500,000*	\$132	\$202

***IMPORTANT:** \$500,000 liability limit for DP-1 policies is only available on rental units and only when a PSIC personal umbrella policy is purchased covering the same dwelling.

When optional personal liability coverage is purchased, medical payments coverage with limits of \$250 per person and \$5,000 per occurrence is included. Animal liability is excluded on all risks, along with liability arising from trampolines or swimming pool slides or diving boards.

ATTACH:

- Owner-Occupied or Seasonal Properties: Form No. CPL-1, Comprehensive Personal Liability
Form No. PM18, Trampoline Exclusion
Form No. PM19, Diving Board and Slide Exclusion

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- Tenant-Occupied Properties:
 - Form No. NYO1, Owner's, Landlord's & Tenant's Liability
 - Form No. PM18, Trampoline Exclusion
 - Form No. PM19, Diving Board and Slide Exclusion

D. Windstorm, Hurricane and Hail Exclusion

Dwelling fire policies written in Territories 8, 9 or 10, or in any Catastrophe Designated Area will be issued with a Windstorm, Hurricane and Hail Exclusion Agreement attached. A 20% credit will be applied to the base premium.

ATTACH: Form No. NYO5, Windstorm, Hurricane and Hail Exclusion Agreement

E. Vandalism and Malicious Mischief Coverage

For a rate of \$2.00 per thousand (\$1,000) in coverage, vandalism and malicious mischief can be added to Coverage A (Dwelling) for full-time owner-occupied units only. If selected, this coverage must be purchased for 100% of the dwelling limit.

F. Addition of Named Peril of Theft

For a rate of \$2.00 per thousand (\$1,000) in coverage, theft can be added as a named peril insured against for optional personal property coverage (Coverage C) for full-time owner-occupied units only. If selected, this coverage must be purchased for 100% of the personal property limit. Theft coverage is subject to a minimum charge of \$60.00.

ATTACH: Form No. NYO16, Optional Theft Coverage for Full-Time Owner Occupied Dwellings

G. Mold, Fungi, Bacteria or Other Microbes

The DP-1 dwelling fire policy does not provide coverage for mold, fungi, bacteria or other microbes, unless that coverage is purchased separately and added to the policy. This is an optional coverage, with available limits of either 25% or 50% of the policy's Coverage A (dwelling) limit. The rates for this coverage are based on the location of the dwelling, as indicated below. The surcharge is applied to the basic premium.

Rating Territory	25% of Coverage A (Dwelling) Limit	50% of Coverage A (Dwelling) Limit
1, 8	49%	65%
2, 3	28%	39%
4, 7, 12, 14, 15C, 15N, 16C, 16N, 16S, 17, 18, 19C, 19N, 20	24%	33%
5, 13	31%	43%
10, 11	52%	71%
6, 9	61%	82%

ATTACH: Form No. PO7, Mold Remediation Coverage

15. PREMIUM CREDITS AND SURCHARGES

All credits and surcharges are to be computed from the basic premium only.

A. Dwellings with Less Than a 3-Foot Setback from Property Line (Row Houses Included)

20% Surcharge to Basic Premium

B. Multi-Policy Discount

If the insured has another in force personal lines policy with PSIC or an affiliated insurer, a 5% premium credit will be allowed. This credit will apply to the base premium for the policy and is available for all programs. This credit will be discontinued if/when the other policy(ies) lapse.

C. Age of Dwelling Credit

Age of Dwelling	Credit
0 (New)	20%
1	18%
2	16%
3	14%
4	13%
5	12%
6	10%
7	8%
8	6%
9	4%
10	2%

D. Burglary / Fire Protection Credit

Central Alarm Service	Credit
(CR -1) Burglary Only	5%
(CR -2) Fire Only	5%
Both	10%

To qualify for this credit, the alarm must be a full perimeter or motion detection system connected to a remote 24-hour central station service, or police and fire department.

A copy of the current insured central station subscription certificate must be submitted with application, indicating type of protection.

E. Swimming Pool Surcharge

If a swimming pool, either above ground or in-ground, is present on the premises, an additional premium of \$50 will be applied to the policy. All underwriting criteria pertaining to pools must be met.

F. Multi-Family Units Surcharge

Maximum of 4 units. Surcharge applies to base premium as indicated below:

- For 2 units/families..... Surcharge base rate 10%
- For 3 or 4 units/families..... Surcharge base rate 20%

G. Wood Burning Stove Surcharge

Surcharge base rate 10%, subject to a minimum charge of \$50. Must submit Form PU1, Wood Burning Stove Inspection Report with application.

H. Masonry Discount

A 5% credit will be applied to the basic premium for brick and brick veneer dwellings.

I. Transfer Discount

For new business only, a 10% credit to the basic premium will apply to the policy if the Named Insured on the policy has had continuous property insurance for the past nine (9) months for the same dwelling or unit. Proof of continuous property insurance is required. This discount will be reduced to 5% at the first policy renewal, and will be removed thereafter.

16. RESERVED FOR FUTURE USE

17. CHANGES ON POLICY

Coverages and limits (above the minimum) may be increased or decreased, added or deleted, during the term of the policy. Additional or return premium shall be computed on a pro rata basis.

18. CANCELLATION OF INSURANCE

No flat cancellations will be processed after the effective date of the policy.

If the policy is canceled at the request of either the insured or the company, the return premium shall be 100% of the pro rata unearned premium, less the fully-earned fees.

19. TRANSFER OR ASSIGNMENT

Transfer of the policy to another location within the state is allowed provided the new location meets eligibility requirements and there is no change in ownership. Transfers are subject to any necessary adjustment(s) of premium.

Assignment of insurance under the policy is not allowed.

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20. TERRITORIAL ZONES

Rating for the program utilizes the Texas Property Insurance Rating Territories defined in the Texas Personal Lines Manual, effective November 1, 2001.

Territory	County(ies)
1	Harris
2	Dallas
3	Tarrant
4	Collin, Denton, Rockwall
5	Bexar
6	Travis
7	El Paso
8	Galveston
9	Nueces
10	Aransas, Brazoria, Calhoun, Cameron, Chambers, Jefferson, Kenedy, Kleberg, Matagorda, Refugio, San Patricio, Willacy
11	Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jackson, Jim Wells, Liberty, Live Oak, Orange, Victoria, Wharton
12	Atascosa, Bandera, Dimmit, Duval, Edwards, Frio, Jim Hogg, Kerr, Kinney, La Salle, Maverick, McMullen, Medina, Real, Starr, Uvalde, Val Verde, Webb, Zapata, Zavala
13	Austin, Bastrop, Bell, Blanco, Brazos, Burleson, Burnet, Caldwell, Colorado, Comal, Coryell, DeWitt, Falls, Fayette, Gillespie, Gonzales, Guadalupe, Hays, Karnes, Kendall, Kimble, Lampasas, Lavaca, Lee, Llano, Mason, Menard, Milam, Robertson, San Saba, Washington, Williamson, Wilson
14	Anderson, Angelina, Cherokee, Ellis, Freestone, Gregg, Grimes, Henderson, Houston, Jasper, Leon, Limestone, Madison, Montgomery, Nacogdoches, Navarro, Newton, Panola, Polk, Rusk, Sabine, San Augustine, San Jacinto, Shelby, Smith, Trinity, Tyler, Walker, Waller
15C	Brewster, Crockett, Culberson, Hudspeth, Jeff Davis, Loving, Pecos, Presidio, Reeves, Schleicher, Sutton, Terrell
15N	Andrews, Coke, Crane, Ector, Glasscock, Howard, Irion, Martin, Midland, Mitchell, Nolan, Reagan, Sterling, Tom Green, Upton, Ward, Winkler
16C	Bosque, Brown, Comanche, Eastland, Erath, Hamilton, Hill, Hood, Johnson, Mills, Somervell
16N	Callahan, Coleman, Concho, McCulloch, Runnels, Taylor
16S	McLennan
17	Bowie, Camp, Cass, Delta, Fannin, Franklin, Grayson, Harrison, Hopkins, Hunt, Kaufman, Lamar, Marion, Morris, Rains, Red River, Titus, Upshur, Van Zandt, Wood
18	Bailey, Borden, Briscoe, Castro, Childress, Cochran, Cottle, Crosby, Dawson, Dickens, Fisher, Floyd, Gaines, Garza, Hale, Hall, Hockley, Kent, King, Lamb, Lubbock, Lynn, Motley, Parmer, Scurry, Stonewall, Swisher, Terry, Yoakum
19C	Cooke, Jack, Montague, Palo Pinto, Parker, Stephens, Wise, Young
19N	Archer, Baylor, Clay, Foard, Hardeman, Haskell, Jones, Knox, Shackelford, Throckmorton, Wichita, Wilbarger
20	Armstrong, Carson, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Potter, Randall, Roberts, Sherman, Wheeler

END OF CONFIDENTIAL SECTION

21. CONSTRUCTION CLASSIFICATIONS

- A. Frame**
Outer walls of frame; iron clad; sheet aluminum or aluminum siding on wood; composition siding; and asphalt covered biberboard.
- B. Stucco**
Outer walls of stucco; asbestos board; rigid asbestos; and hard cement type sidings.
- C. Brick Veneer**
Outer walls of brick-veneer or stone-veneer.
- D. Brick**
Outer walls of solid masonry; brick; stone; concrete; HTB; HT; hollow masonry units; ICM and ICMS.

For risks with mixed construction, the predominant construction shall be the construction comprising over 50% of the total exterior wall area (excluding gables). For risks with more than two (2) constructions, the predominant construction shall be the construction comprising the majority of the total exterior wall area (excluding gables).

22. FIRE PROTECTION DEFINITIONS

Protection Class	Code
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
8B	B
9	9
10	A

Determination of Public Protection Class

The Public Protection Classes approved by the Texas Department of Insurance and listed in the Public Protection Class Manual apply to risks insured under Texas Residential Property Programs.

- A. The approved protection class indicated in the manual shall apply to a municipality or classified area where a uniform class of fire protection is available. (5,6,7 etc.)
- B. In a municipality or classified area where two or more approved classifications are shown (i.e. 6/9), the classification code shall be determined as follows:

Distance to Responding Fire Station	Class
5 road miles or less with hydrant within 1,000 feet	Use first protection class listed in manual (e.g. 6/9 would use Class 6)
5 road miles or less with hydrant beyond 1,000 feet	Class 9
Over 5 road miles	Class 10

- C. All other properties are Class 10.

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23. RATES AND PREMIUM CALCULATION

A. Base Rates

BASE RATES PROTECTION CLASS 1-7									
Dwelling Amount (\$ Value)	FULL TIME RESIDENCE			SEASONAL RESIDENCE			TENANT OCCUPIED		
	Dwelling Age 0-25 Yrs DP-1	Dwelling Age 26-50 Yrs DP-1	Dwelling Age 51 & Over DP-1	Dwelling Age 0-25 Yrs DP-1	Dwelling Age 26-50 Yrs DP-1	Dwelling Age 51 & Over DP-1	Dwelling Age 0-25 Yrs DP-1	Dwelling Age 26-50 Yrs DP-1	Dwelling Age 51 & Over DP-1
	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded
50,000 & Below	97	106	125	106	117	138	116	127	151
55,000	104	114	135	114	126	148	125	137	162
60,000	111	123	145	123	134	159	134	147	174
65,000	118	130	154	130	144	169	142	157	185
70,000	126	139	164	139	153	180	151	166	197
75,000	133	146	174	146	161	190	160	176	208
80,000	141	155	183	155	170	201	169	186	219
85,000	148	163	193	163	179	211	178	195	231
90,000	155	171	202	171	188	222	186	205	242
95,000	162	179	211	179	197	232	195	215	254
100,000	170	187	221	187	206	243	204	225	265
110,000	185	203	240	203	223	264	222	244	288
120,000	200	219	259	219	242	285	239	263	311
130,000	214	235	279	235	259	306	257	283	334
140,000	229	252	298	252	277	327	274	302	357
150,000	244	268	316	268	295	348	292	321	380
160,000	258	284	336	286	312	370	310	341	403
170,000	273	300	355	300	330	391	328	361	426
180,000	288	316	374	316	348	412	345	379	449
190,000	302	333	393	333	366	433	363	399	472
200,000	317	349	412	349	384	454	380	419	495
220,000	347	381	450	381	419	496	416	457	540
240,000	376	414	489	414	455	538	451	496	587
260,000	405	446	527	446	490	580	487	535	632
280,000	435	478	565	478	526	622	522	574	678
Max. 300,000	464	510	603	510	561	664	557	613	724

BASE RATES PROTECTION CLASS 8-10									
Dwelling Amount (\$ Value)	FULL TIME RESIDENCE			SEASONAL RESIDENCE			TENANT OCCUPIED		
	Dwelling Age 0-25 Yrs DP-1	Dwelling Age 26-50 Yrs DP-1	Dwelling Age 51 & Over DP-1	Dwelling Age 0-25 Yrs DP-1	Dwelling Age 26-50 Yrs DP-1	Dwelling Age 51 & Over DP-1	Dwelling Age 0-25 Yrs DP-1	Dwelling Age 26-50 Yrs DP-1	Dwelling Age 51 & Over DP-1
	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded	\$1,000 ded
50,000 & Below	244	269	318	307	338	399	318	350	414
55,000	263	290	342	330	364	429	342	377	446
60,000	281	309	365	355	390	460	367	404	477
65,000	300	330	390	378	416	490	391	431	509
70,000	319	350	414	401	440	521	416	457	540
75,000	338	371	439	425	467	552	440	484	571
80,000	356	392	463	448	492	582	464	510	602
85,000	375	412	487	471	518	613	488	537	635
90,000	393	432	512	494	544	643	512	564	666
95,000	412	452	536	518	569	674	537	590	698
100,000	431	474	560	541	596	704	561	617	729
110,000	468	515	608	588	647	764	610	669	792
120,000	506	555	656	635	698	825	659	724	854
130,000	542	596	705	682	749	886	706	776	918
140,000	579	637	753	728	801	947	755	830	981
150,000	617	679	801	775	853	1007	803	884	1044
160,000	654	719	850	822	905	1068	851	938	1107
170,000	691	761	898	869	956	1129	900	990	1171
180,000	728	801	947	915	1007	1190	949	1044	1233
190,000	766	842	995	962	1058	1250	998	1097	1296
200,000	803	883	1043	1009	1110	1311	1046	1151	1359
220,000	877	965	1140	1103	1213	1433	1142	1256	1485
240,000	952	1047	1236	1196	1316	1556	1239	1364	1611
260,000	1026	1128	1334	1290	1418	1677	1337	1470	1738
280,000	1100	1210	1431	1383	1522	1799	1434	1577	1863
Max. 300,000	1175	1292	1527	1476	1624	1920	1530	1684	1990

B. Deviation Factors

Territory	Deviation
1	2.702
2	3.094
3	3.321
4	2.551
5	1.870
6	1.464
7	1.456
8	3.372
9	3.372
10	3.372
11	2.271
12	1.868
13	1.492
14	1.926
15C	1.868
15N	2.968
16C	2.663
16N	2.318
16S	2.358
17	2.534
18	2.976
19C	2.397
19N	3.287
20	3.007

C. Optional Coverages and Limits

Please see the enclosed manual pages.

D. Credits and Surcharges

Please see the enclosed manual pages.

Pacific Specialty Insurance Company

E. Premium Calculation

RATING STEP	DWELLING FIRE		
1	BASIC PREMIUM DETERMINATION		(RATING INFORMATION)
	=	Base Premium	Occupancy: \$
	X	Deviation Factor	Territory: \$
	= BASIC PREMIUM (Rounded)		\$ -

NOTE: ALL PERCENTAGE-BASED (%) CALCULATIONS APPLY TO "BASIC PREMIUM"

RATING STEP	OPTIONAL COVERAGES AND LIMITS	(RATE/OPTIONS)	(SELECTED)	(AMOUNT)
2	=	Policy Deductible [+5%(\$500), -5%(\$1,500), -15%(\$2,500), -20%(\$5,000)]	-5% / 5% / 15% / 20%	\$
	+	Wind/Hail Deductible	10% for 1% Ded.	\$
	+	Personal Property (Coverage C)	\$3 per \$1,000	\$
	+	Personal Property Replacement (must also purchase Coverage C)	+15% to Cov C	\$
	+	Personal Liability (Max. \$300,000; \$500,000 for rental)	See schedule	\$
	+	Vandalism & Malicious Mischief	\$2 per \$1,000	\$
	+	Addition of Named Peril Theft (Owner-Occupied Only)	\$2 per \$1,000	\$
	+	Mold, Fungi, Bacteria or Other Microbes (25% or 50% Coverage)	See schedule	\$
	= OPTIONAL COVERAGES AND LIMITS		\$ -	

RATING STEP	DISCOUNTS	(RATE/OPTIONS)	(SELECTED)	(CREDIT)
3	=	Multi-Policy	5%	\$
	+	Masonry Discount (for Brick or Brick Veneer Dwellings)	5%	\$
	+	Transfer Discount	10% / 5%	\$
	+	Age of Dwelling (Max: 10 Years)	Age: _____	\$
	+	Burglary / Fire Protection	Max: 10%	\$
	+	Windstorm, Hurricane and Hail Exclusion	20%	\$
= DISCOUNTS		\$ -		

RATING STEP	SURCHARGES	(RATE/OPTIONS)	(SELECTED)	(CHARGE)
4	=	Homes with Less Than 3-Foot Setback	20%	\$
	+	Swimming Pool	\$50	\$
	+	Multi-Family Units (10% - 2 units/families, 20% - 3 or 4 units)	Max: 20%	\$
	+	Wood Burning Stove	\$50	\$
= SURCHARGES		\$ -		

RATING STEP			
1	Basic Premium:	\$	-
2	Optional Cov. & Limit:	\$	-
3	Credits:	\$	-
4	Surcharges:	\$	-
ANNUAL PREMIUM:		\$	-

Policy Fee:	\$	35
Inspection Fee:	\$	50
TOTAL FEES:		\$ 85

TOTAL CHARGE		\$
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(Minimum Written Premium: \$300)

Pacific Specialty Insurance Company

24. FORMS

COVERAGE FORMS

Form Number	Edition	Title	Source	(M)andatory / (O)ptional	(D)ynamic / (S)tatic
DP-1	Ed. 1	Basic Dwelling Fire	PSIC	M	S

NOTE: All Coverage Forms will include "Consumers Bill of Rights for Homeowners, Dwelling & Renters Insurance"

ENDORSEMENTS

Form Number	Edition	Title	Source	(M)andatory / (O)ptional	(D)ynamic / (S)tatic
PM1-TX-DP	Ed. 1	Texas Amendatory Endorsement for DP-1 and DP-3 Policies	PSIC	M	S
PM2	Ed. 1	Animal Liability Exclusion	PSIC	M	S
PM3	Ed. 1	Occupancy Endorsement (<i>Primary Residence Only</i>)	PSIC	M	S
PM4	Ed. 1	Satellite Dish Exclusion	PSIC	M	S
PM5	Ed. 1	Roof for Fire and Lightning Only	PSIC	O	S
PM9	Ed. 1	Mold Exclusion	PSIC	M	S
PM11	Ed. 2	Increased Deductible for Loss or Damage Caused by Tenants	PSIC	M	S
PM13-TX-DP	Ed. 1	Residential Community Property Exclusion for DP-1 & DP-3 Policies	PSIC	M	S
PM18	Ed. 1	Trampoline Exclusion	PSIC	M	S
PM19	Ed. 1	Swimming Pool Diving Board and Slide Exclusion	PSIC	M	S
PO1	Ed. 1	Comprehensive Personal Liability Coverage	PSIC	O	S
PO2	Ed. 1	Owner's, Landlord's and Tenant's Liability Coverage	PSIC	O	S
PO3	Ed. 1	Theft Coverage for Full-Time Owner-Occupied Dwellings	PSIC	O	S
PO7	Ed. 1	Mold Remediation Coverage	PSIC	O	S
PO12-TX	Ed. 1	Windstorm, Hurricane or Hail Exclusion	PSIC	O	D

MISCELLANEOUS

Form Number	Edition	Title	Source	(M)andatory / (O)ptional	(D)ynamic / (S)tatic
PU1	Ed. 1	Wood Burning Stove Inspection Report	PSIC	O	D
MCCL0066TX		Policy and Claims Confirmation	PSIC	O	D

Coverage Forms

(included with forms filing)

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We," "us" and "our" refer to the Company providing this insurance.

Actual Cash Value means the replacement cost, less depreciation assessed at the time of loss.

COVERAGES

This insurance applies to the Described Location, Coverages for which a Limit of Liability is shown and Perils Insured Against for which a Premium is stated.

COVERAGE A – Dwelling

We cover:

1. the dwelling on the Described Location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling;
2. materials and supplies located on or next to the Described Location used to construct, alter or repair the dwelling or other structures on the Described Location; and
3. if not otherwise covered in this policy, building equipment and outdoor equipment used for the service of and located on the Described Location.

This coverage does not apply to land, including land on which the dwelling is located.

COVERAGE B – Other Structures

We cover other structures on the Described Location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

We do not cover other structures:

1. used in whole or in part for commercial, manufacturing or farming purposes; or
2. rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage.

COVERAGE C – Personal Property

We cover personal property, usual to the occupancy as a dwelling and owned or used by you or members of your family residing with you while it is on the Described Location. At your request, we will cover personal property owned by a guest or servant while the property is on the Described Location.

Property Not Covered. We do not cover:

1. accounts, bank notes, bills, bullion, coins, currency, deeds, evidences of debt, gold other than goldware, letters of credit, manuscripts, medals, money, notes other than bank notes, passports, personal records, platinum, securities, silver other than silverware, tickets and stamps;
2. animals, birds or fish;
3. aircraft and parts. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;
4. motor vehicles or all other motorized land conveyances. This includes:

- a. their equipment and accessories; or
- b. any device or instrument for the transmitting, recording, receiving or reproduction of sound or pictures which is operated by power from the electrical system of motor vehicles or all other motorized land conveyances, including:
 - (1) accessories or antennas; or
 - (2) tapes, wires, records, discs or other media for use with any such device or instrument;

while in or upon the vehicle or conveyance.

We do cover vehicles or conveyances not subject to motor vehicle registration which are:

- a. used to service the Described Location; or
 - b. designed for assisting the handicapped;
5. watercraft, other than rowboats and canoes;
 6. data, including data stored in:
 - a. books of account, drawings or other paper records; or
 - b. electronic data processing tapes, wires, records, discs or other software media.

However, we do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

7. credit cards or fund transfer cards.

If you remove personal property from the Described Location to a newly acquired principal residence, the Coverage C limit of liability will apply at each residence for the 30 days immediately after you begin to move the property there. This time period will not extend beyond the termination of this policy. Our liability is limited to the proportion of the limit of liability that the value at each residence bears to the total value of all personal property covered by this policy.

COVERAGE D – Fair Rental Value

If a loss to property described in Coverage A, B or C by a Peril Insured Against under this policy makes that part of the Described Location rented to others or held for rental by you unfit for its normal use, we cover its:

Fair Rental Value, meaning the fair rental value of that part of the Described Location rented to others or held for rental by you less any expenses that do not continue while that part of the Described Location rented or held for rental is not fit to live in.

Payment will be for the shortest time required to repair or replace that part of the Described Location rented or held for rental.

If a civil authority prohibits you from use of the Described Location as a result of direct damage to a neighboring location by a Peril Insured Against in this policy, we cover the Fair Rental Value loss for no more than two weeks.

The periods of time referenced above are not limited by the expiration of this policy.

We do not cover loss or expense due to cancellation of a lease or agreement.

OTHER COVERAGES

1. **Other Structures.** You may use up to 10% of the Coverage A limit of liability for loss by a Peril Insured Against to other structures described in Coverage B.

Payment under this coverage reduces the Coverage A limit of liability by the amount paid for the same loss.

2. **Debris Removal.** We will pay your reasonable expense for the removal of:

- a. debris of covered property if a Peril Insured Against causes the loss; or
- b. ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

Debris removal expense is included in the limit of liability applying to the damaged property.

- 3. Improvements, Alterations and Additions.** If you are a tenant of the Described Location, you may use up to 10% of the Coverage C limit of liability for loss by a Peril Insured Against to improvements, alterations and additions, made or acquired at our expense, to that part of the Described Location used only by you.

Payment under this coverage reduces the Coverage C limit of liability by the amount paid for the same loss.

- 4. World-Wide Coverage.** You may use up to 10% of the Coverage C limit of liability for loss by a Peril Insured Against to property covered under Coverage C while anywhere in the world. This coverage does not apply to property of guests or servants or to rowboats or canoes.

Payment under this coverage reduces the Coverage C limit of liability by the amount paid for the same loss.

- 5. Rental Value.** You may use up to 10% of the Coverage A limit of liability for loss of fair rental value as described in Coverage D. We will pay only 1/12 of the 10% for each month the rented part of the Described Location is unfit for its normal use.

Payment under this coverage reduces the Coverage A limit of liability by the amount paid for the same loss.

- 6 Reasonable Repairs.** In the event that covered property is damaged by an applicable Peril Insured Against, we will pay the reasonable cost incurred by you for necessary measures taken solely to protect against further damage. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered under this policy and the damage to that property is caused by an applicable Peril Insured Against.

This coverage:

- a. does not increase the limit of liability that applies to the covered property;
- b. does not relieve you of your duties, in case of a loss to covered property, as set forth in Condition 4.b.

- 7. Property Removed.** We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 5 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

- 8. Fire Department Service Charge.** We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

PERILS INSURED AGAINST

Unless the loss is excluded in the General Exclusions, we insure for direct physical loss to the property covered caused by:

- 1A. Fire or lightning.**

1B. **Internal Explosion**, meaning explosion occurring in the dwelling or other structure covered on the Described Location or in a structure containing personal property covered.

Explosion does not mean:

- a. electric arcing;
- b. breakage of water pipes; or
- c. breakage or operation of pressure relief devices.

This peril does not include loss by explosion of steam boilers, or steam pipes, if owned or leased by you or operated under your control.

2. **Windstorm or hail.**

This peril does not include loss:

- a. to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening; or
- b. to the following property when outside of the building:
 - (1) awnings, signs, radio or television antennas or aerials including lead-in wiring, masts or towers; or
 - (3) canoes and rowboats.

3. **Explosion.**

This peril does not include loss by explosion of steam boilers or steam pipes, if owned or leased by you or operated under your control.

Explosion does not mean:

- a. electric arcing;
- b. breakage of water pipes; or
- c. breakage or operation of pressure relief devices.

This peril replaces Peril 1B.

4. **Riot or civil commotion.**

5. **Aircraft**, including self-propelled missiles and spacecraft.

6. **Vehicles.**

This peril does not includes loss:

- a. caused by a vehicle owned or operated by you or a resident of the Described Location; or
- b. caused by any vehicle to fences, driveways and walks.

7. **Smoke**, meaning sudden and accidental damage from smoke.

This peril does not include loss caused by smoke from fireplaces or from agricultural smudging or industrial operations.

8. **Volcanic Eruption** other than loss caused by earthquake, land shock waves or tremors.

When a Premium for Vandalism or Malicious Mischief is shown in the Declarations, the following is made part of Perils Insured Against.

9. **Vandalism or malicious mischief.**

This peril does not include loss:

- a. to glass or safety glazing material constituting a part of the building other than glass building blocks;
- b. by pilferage, theft, burglary or larceny, but we will be liable for damage to the building covered caused by burglars; or
- c. to property on the Described Location if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

GENERAL EXCLUSIONS

- A. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.
1. **Ordinance or Law**, meaning enforcement of any ordinance or law regulating the use, construction, repair, or demolition of a building or other structure, unless specifically provided under this policy.
 2. **Earth Movement**, meaning earthquake including land shock waves or tremors before during or after a volcanic eruption; landslide; mine subsidence; mudflow; earth sinking, rising or shifting; unless direct loss caused by:
 - a. fire; or
 - b. explosion;
ensues and then we will pay only for the ensuing loss
 3. **Water Damage**, meaning:
 - a. flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;
 - b. water which backs up through sewers or drains or which overflows from a sump; or
 - c. water below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.Direct loss by fire or explosion resulting from water damage is covered.
 4. **Power Failure**, meaning the failure of power or other utility service if the failure takes place off the Described Location. But, if a Peril Insured Against ensues on the Described Location, we will pay only for that ensuing loss.
 5. **Neglect**, meaning your neglect to use all reasonable means to save and preserve property at and after the time of a loss.
 6. **War**, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.
 7. **Nuclear Hazard**, to the extent set forth in the Nuclear Hazard Clause of the Conditions.
 8. **Intentional Loss**, meaning any loss arising out of any act committed:
 - a. by or at the direction of you or any person or organization named as an additional insured; and
 - b. with the intent to cause a loss.

- B. We do not cover loss to lawns, plants, shrubs or trees outside of buildings.

CONDITIONS

1. **Policy Period.** This policy applies only to loss which occurs during the policy period.
2. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:
 - a. for an amount greater than the interest of a person insured under this policy; or
 - b. for more than the applicable limit of liability.
3. **Concealment or Fraud.** The entire policy will be void if, whether before or after a loss, you have:
 - a. intentionally concealed or misrepresented any material fact or circumstance;
 - b. engaged in fraudulent conduct; or
 - c. made false statements;relating to this insurance.
4. **Your Duties After Loss.** In case of a loss to covered property, you must see that the following are done:
 - a. give prompt notice to us or our agent;
 - b. (1) protect the property from further damage;
(2) make reasonable and necessary repairs to protect the property; and
(3) keep an accurate record of repair expenses;
 - c. prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
 - d. as often as we reasonably require:
 - (1) show the damaged property;
 - (2) provide us with records and documents we request and permit us to make copies; and
 - (3) submit to examination under oath, while not in the presence of any other named insured, and sign the same;
 - e. send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
 - (1) the time and cause of loss;
 - (2) your interest and that of all others in the property involved and all liens on the property;
 - (3) other insurance which may cover the loss;
 - (4) changes in title or occupancy of the property during the term to the policy;
 - (5) specifications of damaged buildings and detailed repair estimates;
 - (6) the inventory of damaged personal property described in 4c;
 - (7) receipts for additional living expenses incurred and records that support the fair rental value loss.
5. **Loss Settlement.** Covered property losses are settled at actual cash value at the time of loss but not more than the amount required to repair or replace the damaged property.
6. **Loss to a Pair or Set.** In case of loss to a pair or set we may elect to:
 - a. repair or replace any part to restore the pair or set to its value before the loss; or
 - b. pay the difference between actual cash value of the property before and after the loss.

7. **Glass Replacement.** Loss for damage to glass caused by a Peril Insured Against will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.
8. **Appraisal.** If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 1 day, you or we may request that the choice be made by a judge of a court of record in the state where the Described Location is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

- a. pay its own appraiser; and
 - b. bear the other expenses of the appraisal and umpire equally.
9. **Other Insurance.** If property covered by this policy is also covered by other fire insurance, we will pay only the proportion of a loss caused by any peril insured against under this policy that the limit of liability applying under this policy bears to the total amount of fire insurance covering the property.
10. **Subrogation.** You may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, the person insured must sign and deliver all related papers and cooperate with us.

11. **Suit Against Us.** No action can be brought unless the policy provisions have been complied with and the action is started within one year after the date of loss.
12. **Our Option.** If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with like property.
13. **Loss Payment.** We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:
- a. reach an agreement with you;
 - b. there is an entry of a final judgment; or
 - c. there is a filing of an appraisal award with us.

14. **Abandonment of Property.** We need not accept any property abandoned by you.

15. Mortgage Clause.

The word "mortgagee" includes trustee.

If a mortgagee is named in this policy, any loss payable under Coverage A or B will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:

- a. notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;

- b. pays any premium due under this policy on demand if you have neglected to pay the premium; and
- c. submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.

If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

If we pay the mortgagee for any loss and deny payment to you:

- a. we are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
- b. at our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

16. **No Benefit to Bailee.** We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

17. **Cancellation.**

- a. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
- b. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations.

Proof of mailing shall be sufficient proof of notice.

- (1) When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- (2) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
- (3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
 - (a) if there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
 - (b) if the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- (4) When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
- c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
- d. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

18. **Non-Renewal.** We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

19. **Liberalization Clause.** If we make a change which broadens coverage under this edition of our policy without additional premium charge, that charge will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented through introduction of a subsequent edition of our policy.

- 20. **Waiver or Change of Policy Provisions.** A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

- 21. **Assignment.** Assignment of this policy will not be valid unless we give our written consent.

- 22. **Death.** If you die, we insure:
 - a. your legal representatives but only with respect to the property of the deceased covered under the policy at the time of death;
 - b. with respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

- 23. **Nuclear Hazard Clause.**
 - a. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
 - b. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
 - c. This policy does not apply to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

- 24. **Recovered Property.** If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

- 25. **Volcanic Eruption Period.** One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption

In Witness Whereof, the Company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized agent of the Company.

Michael J. McGraw
PRESIDENT

Timothy J. Summers
SECRETARY

Endorsements

(included with forms filing)

ENDORSEMENT No. PM1-TX-DP (Ed. 1)

Texas Amendatory Endorsement for DP-1 and DP-3 Policies

This endorsement changes your policy. Please read it carefully.

DEFINITIONS

The following definition is added to the policy:

"Business day" means a day other than a Saturday, Sunday or holiday recognized by the State of Texas.

CONDITIONS

Item 4. **Your Duties After Loss** is hereby renumbered to 4A. **Your Duties After Loss**. In addition, items c. and e. under **Your Duties After Loss** are hereby deleted, item d. is renumbered to c., and the following is added:

- d. send to us, within 91 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
 - (1) the time and cause of loss;
 - (2) your interest and that of all others in the property involved and all liens on the property;
 - (3) other insurance which may cover the loss;
 - (4) changes in title or occupancy of the property during the term to the policy;
 - (5) specifications of damaged buildings;
 - (6) the inventory of damaged personal property described in 4A.c;
 - (7) receipts for additional living expenses incurred and records that support the fair rental value loss.

No other changes are made to the **Your Duties After Loss** portion of the policy.

Item 4B. **Our Duties After Loss** is hereby added to your policy as follows.

4B. **Our Duties After Loss.**

- a. Not later than the 15th day after we receive your written notice of claim, we must:
 - (1) acknowledge receipt of the claim. If our acknowledgement of the claim is not in writing, we will keep a record of the date, method and content of our acknowledgement.
 - (2) begin any investigation of the claim.
 - (3) specify the information you must provide in accordance with item 4A.e. above.

We may request additional information, if during the investigation of the claim such additional information is necessary.

- b. After we receive the information we request, we must notify you in writing of the status of your claim:
 - (1) within 15 business days; or
 - (2) within 30 days if we have reason to believe the loss resulted from arson.
- c. If we do not approve payment of your claim, we must:
 - (1) give the reason for denying your claim; or
 - (2) give the reasons we require additional time to process your claim. But, we must either approve or deny your claim within 45 days after our request for additional time.

CONDITIONS

Item 11. **Suit Against Us** is hereby deleted in its entirety and replaced with the following.

11. **Suit Against Us.** No action can be brought unless the policy provisions have been complied with and the action is started within two years and one day after the date of loss.

CONDITIONS

Item 15. **Mortgage Clause**, c is hereby deleted and replaced with the following.

- c. submits a signed, sworn proof of loss within 91 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.

CONDITIONS

Item 17. **Cancellation** is hereby deleted in its entirety and replaced with the following.

17. Cancellation.

- a. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
- b. We may cancel this policy for one or more of the reasons stated below by letting you know in writing at least 30 days before the date cancellation takes effect if canceling for item (1) below, or at least 10 days before the date cancellation takes effect if canceling for items (2), (3), (4) or (5). This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing shall be sufficient proof of notice.

We may cancel this policy:

- (1) If this policy has been in effect for less than 60 days and is not a renewal policy, and
 - (A) we identify a condition that:
 - i. creates an increased risk of hazard;
 - ii. was not disclosed in the application for insurance coverage; and
 - iii. is not the subject of a prior claim; or
 - (B) before the effective date of the policy, we have not accepted a copy of a required inspection report that:
 - i. was completed by an inspector licensed by the Texas Real Estate Commission or who is otherwise authorized to perform inspections; and
 - ii. is dated not earlier than the 90th day before the effective date of the policy.

An inspection report is deemed accepted, unless we reject it before the 11th day after the date we receive it.

- (2) If you do not pay the premium or any portion of the premium when due.
 - (3) If the Department of Insurance determines that continuation of the policy would violate the Texas Insurance Code or any other laws governing the business of insurance in this state.
 - (4) If you submit a fraudulent claim.
 - (5) If there is an increase in the hazard covered by this policy that is within your control and that would produce an increase in the premium/rate of this policy.
- c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
 - d. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.
 - e. We may not cancel this policy solely because you are an elected official.

CONDITIONS

Item 18. **Non-Renewal** is hereby deleted in its entirety and replaced with the following.

18. **Non-Renewal.**

- a. We may not refuse to renew this policy because of claims for losses resulting from natural causes.
- b. We may not refuse to renew this policy solely because you are an elected official.
- c. We may refuse to renew this policy if you have filed three or more claims under the policy in any three year period that do not result from natural causes.

If you have filed two claims in a period of less than three years, we may notify you in writing, that if you file a third claim during the three year period, we may refuse to renew this policy by providing you proper notice of our refusal to renew as provided in d. below. If we do not notify you after the second claim, we may not refuse to renew this policy because of the losses.

A claim does not include a claim that is filed but is not paid or payable under the policy.

- d. If we refuse to renew this policy, we must deliver to you, or mail to you at your mailing address shown in the Declarations and any mortgagee named in the Declarations, written notice of our refusal to renew not later than the 30th day before the date in which this policy expires. Proof of mailing shall be sufficient proof of notice. If we fail to give you proper notice of our decision to refuse renewal, you may require us to renew the policy.

CONDITIONS

The following provision is added to this policy.

26. **Liquidated Demand.** A fire insurance policy, in case of a total loss by fire of property insured, shall be held and considered to be a liquidated demand against the company for the full amount of such policy. This subsection does not apply to personal property.

CONDITIONS

The following provision is added to this policy.

27. **Residential Community Property.**

- a. Pursuant to the provisions of Art. 5.35-1 of the Texas Insurance Code, it is understood and agreed that this policy, subject to all other terms and conditions contained in this policy, when covering residential community property, as defined by state law, shall remain in full force and effect as to the interest of each spouse covered, irrespective of divorce or change of ownership between the spouses unless excluded by endorsement attached to this policy until the expiration of the policy or until canceled in accordance with the terms and conditions of this policy.

All other terms and conditions of the policy remain unchanged.

ENDORSEMENT No. PM2 (Ed. 1)

Animal Liability Exclusion

This endorsement changes your policy. Please read it carefully.

It is understood and agreed that your policy is amended as follows.

1. LIABILITY COVERAGE

We shall not pay any sum that the insured shall become legally obligated to pay as damages because of bodily injury or property damage caused by or originating from any animal owned by, or in the care of, custody or control of the insured, or any member of the insured's family or household.

2. MEDICAL PAYMENT COVERAGE

We shall not pay any medical expenses at any time, to persons while on the insured's premises, with or without the permission of the insured, or while elsewhere, if such medical expense is caused by or results from any bodily injury caused by, or resulting from any animal owned by, or in the care of, custody or control of the insured, or any member of the insured's family or household.

All other terms and conditions of the policy remain unchanged.

ENDORSEMENT No. PM3 (Ed. 1)
Occupancy Endorsement
(Primary Residence Only)

This endorsement changes your policy. Please read it carefully.

It is a condition of this policy that any vacancy or unoccupancy of the described dwelling after the inception date of this policy must be reported to the Company. The terms "vacant" or "unoccupied" mean that you have not slept overnight in the dwelling for a period of sixty (60) consecutive days.

It is understood and agreed that the Company shall not be liable for loss occurring while a described dwelling that is intended for occupancy by the owner as a primary residence is vacant or unoccupied beyond a period of sixty consecutive days. However, coverage remains in effect during this period under Perils 1A (Fire or Lightning), 3 (Windstorm or Hail), 7 (Smoke) and 8 (Volcanic Eruption).

All other terms and conditions of this policy remain unchanged.

ENDORSEMENT No. PM4 (Ed. 1)
Satellite Dish Exclusion

This endorsement changes your policy. Please read it carefully.

This policy does not provide any coverage loss or damage to a satellite dish, antennas, or their components, including mounting hardware.

All other terms and conditions of the policy remain unchanged.

ENDORSEMENT No. PM5 (Ed. 1)
Roof for Fire and Lightning Only Endorsement

It is agreed that the roof on your Dwelling is only covered for losses caused by fire and lightning. It is further agreed that there is no coverage for interior damage if such damage is due to the failure of the roof, unless such failure is caused by fire or lightning.

ENDORSEMENT No. PM9 (Ed. 1)

Mold Exclusion

This endorsement changes your policy. Please read it carefully.

This policy does not provide coverage for any:

1. loss;
2. damage;
3. cost;
4. claim;
5. expense;
6. bodily injury;
7. property damage; or
8. medical payments

arising from or in any way involving, directly or indirectly, mold, fungi, mildew, spores, wet or dry rot, or similar organisms, regardless of cause.

The Company shall have no duty to investigate, defend or indemnify any claim or suit seeking such damages.

ENDORSEMENT No. PM11 (Ed. 2)
Increased Deductible For Loss or Damage Caused by Tenants

This endorsement changes your policy. Please read it carefully.

It is understood and agreed that if a loss occurs due to an insured peril which is caused by a deliberate act, or is a result of the abuse of the property by a present or past tenant of the property, then that loss is considered to be a "Tenant Caused Loss."

We will only be liable for that portion of a Tenant Caused Loss that exceeds \$2,500.00, up to the limits of the policy as stated on the policy declarations page. However, if a policy deductible of \$5,000.00 is stated on the policy declarations page, then we will only be liable for that portion of a Tenant Caused Loss that exceeds \$5,000.00, up to the limits of the policy as stated on the policy declarations page.

This endorsement does not extend or expand the perils insured under this policy.

All other terms and conditions of the policy remain unchanged.

ENDORSEMENT No. PM13-TX-DP (Ed. 1)
Residential Community Property Exclusion for DP-1 and DP-3 Policies

This endorsement changes your policy. Please read it carefully.

Endorsement PM1-TX-DP added Residential Community Property coverage to the Conditions of your policy. This coverage is found in Item 27 of your policy Conditions.

This form deletes this coverage from your policy. Item 27 is removed from your policy Conditions. Your policy does not provide this coverage. It has been deleted. The rest of Form PM1-TX-DP is not affected by this endorsement.

All other terms and conditions of the policy remain unchanged.

ENDORSEMENT No. PM18 (Ed. 1)

Trampoline Exclusion

This endorsement changes your policy. Please read it carefully.

This policy does not provide any coverage for any:

- a. loss,
- b. damage,
- c. cost,
- d. claim,
- e. expense,
- f. "bodily injury,"
- g. "property damage," or
- h. medical payments

arising from or in any way involving, directly or indirectly, a trampoline, regardless of cause.

We shall have no duty to investigate, defend, or indemnify any claim or "suit" seeking such damages.

All other terms and conditions of the policy remain unchanged.

ENDORSEMENT No. PM19 (Ed. 1)
Swimming Pool Diving Board and Slide Exclusion

This endorsement changes your policy. Please read it carefully.

This policy does not provide any coverage for any:

- a. loss,
- b. damage,
- c. cost,
- d. claim,
- e. "bodily injury,"
- f. "property damage," or
- g. medical payments

arising from or in any way involving, directly or indirectly, a swimming pool diving board, slide or similar structure, regardless of cause.

We shall have no duty to investigate, defend, or indemnify any claim or "suit" seeking such damages.

All other terms and conditions of the policy remain unchanged.

ENDORSEMENT No. PO1 (Ed. 1)

Comprehensive Personal Liability Coverage

This endorsement changes your policy. Please read it carefully.

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

Throughout this policy, “you” and “your” refer to the named insured shown in the Declarations and the spouse if a resident of the same household, and “we”, “us” and “our” refer to the company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **“Bodily injury”** means bodily harm, sickness or disease, including required care, loss of services and death resulting therefrom.
2. **“Business”** includes trade, profession or occupation.
3. **“Insured”** means you and the following residents of your household.
 - a. your relative
 - b. any other person under the age of 21 who is in the care of any person named above
 - c. with respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in 3a or 3b. A person or organization using or having custody of these animals or watercraft in the course of any **business**, or without the permission of the owner is not an **insured**.
4. **“Insured location”** means the following.
 - a. the **residence premises**;
 - b. the part of any other premises, other structures and grounds, used by you as a residence and which is shown in the Declarations or which is acquired by you during the policy period for your use as a residence;
 - c. any premises used by you in connection with the premises included in 4a or 4b;
 - d. any part of a premises not owned by any **insured** but where any **insured** is temporarily residing;
 - e. vacant land owned by or rented to any **insured** other than farm land;
 - f. land owned by or rented to any **insured** on which a one or two family dwelling is being constructed as a residence for any **insured**;
 - g. individual or family cemetery plots or burial vaults of any **insured**;
 - h. any part of a premises occasionally rented to any **insured** for other than business purposes.
5. **“Motor vehicles”** means the following.
 - a. a motorized land vehicle designed for travel on public roads or subject to motor vehicle registration. A motorized land vehicle in dead storage on an **insured location** is not a **motor vehicle**;
 - b. a trailer or semitrailer designed for travel on public roads and subject to motor vehicle registration. A motorized land vehicle in dead storage on an **insured location** is not a **motor vehicle**;
 - c. a motorized golf cart, snowmobile or other motorized land vehicle owned by any **insured** and designed for recreational use off public roads, while off an **insured location**. A motorized golf cart while used for golfing purposes is not a **motor vehicle**.
6. **“Property damage”** means physical injury to or destruction of tangible property, including loss of use of this property.
7. **“Residence employee”** means an employee of any **insured** who performs duties in connection with the maintenance or use of the **residence premises**, including household or domestic services, or who performs duties elsewhere of a similar nature not in connection with the **business** of any **insured**.
8. **“Residence premises”** means the one to four family dwelling, other structures and grounds or that part of any other building where you reside and which is shown as the “Covered Properties” in the Declarations.

LIABILITY COVERAGES

COVERAGE L – PERSONAL LIABILITY

If a claim is made or a suit is brought against any **insured** for damages because of **bodily injury** or **property damage** to which this coverage applies, we will do the following.

- a. pay up to our limit of liability for the damages for which the insured is legally liable; and
- b. provide a defense at our expense by counsel of our choice. We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend any claim or suit ends when the amount we pay for damages resulting from the occurrence equals our limit of liability.

Damages include prejudgment interest awarded against the **insured**.

COVERAGE M – MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses incurred or medically ascertained within three years from the date of an accident causing **bodily injury**. Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household other than **residence employees**. As to others, this coverage applies only as follows.

- a. to a person on the **insured location** with the permission of any **insured**; or
- b. to a person off the **insured location**, if the **bodily injury** meets the following conditions:
 - (1) arises out of a condition of the **insured location** or the ways immediately adjoining;
 - (2) is caused by the activities of any **insured**;
 - (3) is caused by a **residence employee** in the course of the **residence employee's** employment by any **insured**; or
 - (4) is caused by an animal owned by or in the care of any **insured**.

EXCLUSIONS

1. **Coverage L and Coverage M** do not apply to **bodily injury** or **property damage** as follows.

- a. which is expected or intended by the **insured**;
- b. arising out of **business** pursuits of any **insured** or the rental or holding for rental of any part of any premises by any **insured**.

This exclusion does not apply to the following.

- (1) activities which are ordinarily incident to **nonbusiness** pursuits; or
- (2) the rental or holding for rental of a residence of yours, as follows.
 - (a) on an occasional basis for the exclusive use as a residence;
 - (b) in part, unless intended for use as a residence by more than two roomers or boarders; or
 - (c) in part, as an office, school, studio or private garage
- c. arising out of the rendering or failing to render professional services;
- d. arising out of any premises owned by or rented to any **insured** which is not an **insured location**;
- e. arising out of the ownership, maintenance, use, loading or unloading of the following.
 - (1) an aircraft
 - (2) a **motor vehicle** owned or operated by, or rented or loaned to any **insured**; or
 - (3) a watercraft, as follows.
 - (a) owned by or rented to any **insured** if the watercraft has inboard or inboard-outdrive motor power of more than 50 horsepower or is a sailing vessel, with or without auxiliary power, 26 feet or more in overall length; or
 - (b) powered by one or more outboard motors with more than 25 total horsepower, owned by any **insured** at the inception of this policy. In you report in writing to us within 45 days after acquisition an intention to insure any outboard motors acquired prior to the policy period, coverage will apply.
- f. caused directly or indirectly by war, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a

military purpose and including any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.

Exclusion e(3) does not apply while the watercraft is stored and exclusions d and e do not apply to **bodily injury** to any **residence employee** arising out of and in the course of the **residence employee's** employment by any **insured**.

2. **Coverage L** does not apply to the following.
 - a. liability assumed under any contract or agreement or by contract or agreement in connection with any **business** of the **insured**;
 - (1) however, this exclusion does not apply to written contracts that either directly relate to the ownership, maintenance or use of the **insured location**, or where the liability of others is assumed by the **insured** prior to an occurrence, unless excluded elsewhere in this policy.
 - b. **property damage** to property owned by the **insured**;
 - c. **property damage** to property rented to, occupied or used by or in the care of the **insured**. This exclusion does not apply to **property damage** caused by fire, smoke or explosion;
 - d. **bodily injury** to any person eligible to receive any benefits required to be provided or voluntarily provided by the **insured** under any worker's or workmen's compensation, non-occupational disability, or occupational disease law; or
 - e. **bodily injury** or **property damage** for which any **insured** under this policy is also an **insured** under a nuclear energy liability policy or would be an **insured** but for the exhaustion of its limit of liability. A nuclear energy liability policy is a policy issued by:
 - (1) American Nuclear Insurers;
 - (2) Mutual Atomic Energy Liability Underwriters; or
 - (3) Nuclear Insurance Association of Canada.
3. **Coverage M** does not apply to **bodily injury** as follows.
 - a. to any person while on the **insured location** because **business** pursuits are conducted or professional services are rendered on the **insured location**;
 - b. to a **residence employee** if it occurs off the **insured location** and does not arise out of or in the course of the **residence employee's** employment by any **insured**;
 - c. to any person, eligible to receive any benefits required to be provided or voluntarily under any worker's or workmen's compensation, non-occupational disability or occupational disease law;
 - d. from any nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.

ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability.

1. **Claim Expenses.** We pay:
 - a. expenses incurred by us and costs taxed against any **insured** in any suit we defend;
 - b. premiums on bonds required in a suit defended by us, but not for bonds amounts greater than the limit of liability for Coverage L. We are not obligated to apply for or furnish any bond;
 - c. reasonable expenses incurred by any **insured** at our request, including actual loss of earnings (but not loss of other income) up to \$50 per day for assisting us in the investigations or defense of any claim or suit;
 - d. interest on the entire judgment which accrues after entry of the judgment and before we pay for or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.
2. **First Aid Expenses.** We will pay expenses for first aid to others incurred by any **insured** for **bodily injury** covered under this policy. We will not pay for first aid to you or any other **insured**.
3. **Damage to Property of Others.** We will pay up to \$250 per occurrence for **property damage** to property of others caused by any **insured**. We will not pay for **property damage**:

- a. caused intentionally by any **insured** who is 13 years of age or older;
- b. to property owned by or rented to any **insured**, a tenant of any insured, or a resident in your household; or
- c. arising out of the following.
 - (1) **business** pursuits;
 - (2) any act or omission in connection with a premises owned, rented or controlled by any **insured**, other than the **insured location**; or
 - (3) the ownership, maintenance or use of a **motor vehicle**, aircraft or watercraft.

CONDITIONS

1. Limit of Liability. Regardless of the number of **insureds**, claims made or persons injured, our total liability for Coverage L stated in this policy for all damages resulting from any one occurrence shall not exceed the limit of liability for Coverage L stated in the Declarations. All **bodily injury** and **property damage** resulting from any one accident or from continuous or repeated exposure to substantially the same general conditions shall be considered to be the result of one occurrence. Our total liability under Coverage M for all medical expense payable for **bodily injury** to one person as the result of one accident shall not exceed the limit of liability for Coverage M stated in the Declarations

2. Severability of Insurance. This insurance applies separately to each **insured**. This condition shall not increase our limit of liability for any one occurrence.

3. Duties After Loss. In case of an accident or occurrence, the **insured** shall perform the following duties that apply. You shall cooperate with us in seeing that the following duties are performed.

- a. give written notice to our agent or us as soon as practicable, which sets forth the following.
 - (1) the identity of the policy and **insured**;
 - (2) reasonably available information on the time, place and circumstances of the accident or occurrence; and
- b. forward to us every notice, demand, summons or other process relating to the accident or occurrence;
- c. at our request, assist in the following.
 - (1) making settlement;
 - (2) the enforcement of any right of contribution or indemnity against any person or organization who may be liable to any **insured**;
 - (3) the conduct of suits and attend hearings and trials;
 - (4) securing and giving evidence and obtaining the attendance of witnesses;
- d. under the coverage – Damage to the Property of Others – submit us within 60 days after the loss, a sworn statement of loss and exhibit the damaged property, if within the **insured's** control;
- e. the **insured** shall not, except at the **insured's** own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of the **bodily injury**.

4. Duties of an Injured Person-Coverage M – Medical Payments to Others. The injured person or someone acting on behalf of the injured person shall:

- a. give us written proof of claim, under oath if required, as soon as practicable;
- b. execute authorization to allow us to obtain copies of medical reports and record; and
- c. the injured person shall submit to physical examination by a physician selected by us when and as often as we reasonably require.

5. Payment of Claim-Coverage M – Medical Payment to Others. Payment under this coverage is not an admission of liability by any **insured** or us.

6. Suit Against Us. No action shall be brought against us unless there has been compliance with the policy provisions. No one shall have any right to join us as a party to any action against any **insured**. Further, no action with respect to Coverage L shall be brought against us until the obligation of the **insured** has been determined by final judgment or agreement signed by us.

7. Bankruptcy of any Insured. Bankruptcy or insolvency of any **insured** shall not relieve us of any of our obligations under this policy.

8. Other Insurance-Coverage L – Personal Liability. This insurance is excess over any other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

9. Policy Period. This policy applies only to **bodily injury** or **property damage** that occurs during the policy period.

10. Subrogation. Any **insured** may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If an assignment is sought, any **insured** shall sign and deliver all related papers and cooperate with us in any reasonable manner. Subrogation does not apply to Medical Payments to Others or Damage to Property of Others.

ENDORSEMENT No. PO2 (Ed. 1)

Owners, Landlords & Tenants Liability Coverage

This endorsement changes your policy. Please read it carefully.

For an additional premium, with this endorsement, the Company agrees to provide the coverage indicated herein. The premium and applicable limits of liability are as stated on the policy declarations and in this endorsement. All other terms and conditions of the policy remain unchanged.

LIABILITY COVERAGE.

We will pay on behalf of the insured all sums that the insured shall become legally obligated to pay as damages to which this insurance applies because of either **bodily injury** or **property damage** (collectively referred to as "loss").

This coverage exists when the "loss" is caused by an occurrence that arises out of the ownership, maintenance, or use of the insured premises. This includes all necessary or incidental operations of the premises. We shall have the right and duty to defend any suit against the insured seeking damages on account of such "loss." This duty exists even if any of the allegations of the suit are groundless, false or fraudulent. We may investigate and settle any claim or suit as we deem expedient. We shall not be obligated to pay any claim or judgment, or to defend any suit, after the applicable limit of our liability has been exhausted.

Exclusions.

The following apply to both liability and medical payments coverage.

1. "Loss" that arises out of the "use" of any of the following.
 - a. Automobile.
 - b. Aircraft.
 - c. Watercraft.

This does not apply to the parking of an automobile on the insured premises, if such automobile is not owned by or rented or loaned to any insured. This also does not apply to watercraft while ashore on the insured premises.
2. "Loss" that arises out of the following.
 - a. The "use" of any mobile equipment while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity.
 - b. The operation or use of any snowmobile or trailer designed for use therewith.
3. "Loss" that arises out of and in the course of the transportation of mobile equipment by an automobile owned or operated by or rented or loaned to any insured.
4. "Loss" that results from the selling, serving or giving of alcoholic beverage in any of the following circumstances.
 - a. In violation of any statute, ordinance or regulation.
 - b. To a minor.
 - c. To a person under the influence of alcohol.
 - d. Which causes or contributes to the intoxicating of any person, if the named insured is a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages or, if not so engaged, is an owner or lessor of premises used for such purposes, but only part a. of this exclusion applies when the named insured is such an owner or lessor.

The following apply to liability coverage.

1. Liability assumed by the insured under any contract or agreement except an incidental contract. With respect to "loss" occurring while work performed by the named insured is in progress, this exclusion does not apply to a warranty that such work will be done in a workmanlike manner.
2. "Loss" arising out of the discharge, dispersal, release or escape ("discharge") of the following into or upon land, the atmosphere or any water course or body of water.

- a. Smoke.
 - b. Vapors.
 - c. Soot.
 - d. Fumes.
 - e. Acids.
 - f. Alkalis.
 - g. Toxic chemicals.
 - h. Liquids or gases.
 - i. Waste materials or other irritants.
 - j. Contaminants.
 - k. Pollutants.
- This exclusion does not apply if such "discharge" is sudden and accidental.
3. Any obligation stemming from the following.
 - a. Workers' compensation law.
 - b. Unemployment compensation law.
 - c. Disability benefits law.
 - d. Any similar law.
 4. Bodily injury to any employee of the insured arising in the course of his employment. This includes any obligation of the insured to indemnify another because of damages arising out of such injury. This exclusion does not apply to liability assumed by the insured under an incidental contract.
 5. Property damage to the following.
 - a. Property owned, occupied or rented to the insured.
 - b. Property used by the insured.
 - c. Property in the care, custody or control of the insured. This includes property over which the insured exercises physical control for any purpose. This does not apply with respect to liability under a written sidetrack agreement or property damage (other than OT elevators) arising out of the use of an elevator at the insured premises.
 6. Property damage to premises alienated by the named insured arising out of such premises or any part thereof.
 7. Loss of use of tangible property that has not been physically injured or destroyed resulting from the following.
 - a. A delay in or lack of performance by or on behalf of the named insured of any contract or agreement.
 - b. The failure of the named insured's products to meet the level of performance, quality, fitness or durability warranted or represented by the named insured. This includes work performed by or on behalf of the named insured. This exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the named insured's products after such products or work have been put to use by any person or organization other than an insured. This includes work performed by or on behalf of the named insured.
 8. Property damage to the named insured's products arising out of such products.
 9. Property damage to work performed by or on behalf of the named insured arising out of the work, or out of materials, parts or equipment furnished in connection therewith.
 10. "Loss" included within the completed operations hazard or the products hazard.
 11. "Loss" arising out of operations on any premises other than the insured premises, or to liability assumed by the insured under any contract or agreement relating to such premises.
 12. "Loss" arising out of the following to a building or other structure by the named insured.
 - a. Alteration.
 - b. Movement.
 - c. New construction.
 - d. Demolition.

PERSONS INSURED.

Each of the following is an insured under this insurance to the extent set forth below.

1. If the named insured is an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor. This includes the spouse of the named insured with respect to the conduct of such a business.
2. If the named insured is a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such.
3. If the named insured is other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such.
4. Any person (other than an employee of the named insured) or organization while acting as real estate manager for the named insured.

This insurance does not apply to "loss" arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in this policy as named insured.

Limits of Liability.

Our bodily injury and property damage liability is limited.

The limit of liability stated in the declarations as applicable to "each occurrence" is the total limit of our liability for all damages because of "loss" as a result of any one occurrence.

For the purpose of determining the limit of our liability, all "loss" arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one occurrence.

COVERAGE E – PREMISES MEDICAL PAYMENTS.

We will pay to or for each person who sustains bodily injury caused by accident all reasonable medical expenses incurred within one year from the date of the accident on account of such injury. This is provided such injury arises out of a condition on the insured premises or operations with respect to which the named insured is afforded coverage for bodily injury liability under this policy.

Exclusions.

The following apply to medical payments coverage.

1. "Loss" that is included within the completed operations hazard or the products hazard.
2. "Loss" that arises out of operations performed for the named insured by independent contractors other than for maintenance and repair of the insured premises, or structural alterations at such premises which do not involve changing the size of or moving buildings or other structures.
3. "Loss" to the named insured, any partner therein, any tenant or other person regularly residing on the insured premises or any employee of any of the foregoing if the bodily injury arises out of and in the course of his employment therewith.
4. "Loss" to any other tenant if the bodily injury occurs on that part of the insured premises rented from the named insured. This includes any employee of such a tenant if the bodily injury occurs on the tenant's part of the insured premises and arises out of and in the course of his employment for the tenant.
5. "Loss" to any person while engaged in maintenance and repair of the insured premises or alteration, demolition or new construction at such premises.
6. "Loss" to any person if any benefits for such bodily injury are payable or required to be provided under any workers' compensation, employment compensation or disability benefits law, or under any similar law.
7. "Loss" to any person practicing, instructing or participating in any of the following contests, unless a premium charge is entered for sport activities in the policy with respect to Premises Medical Payments Coverage (PMPC).
 - a. Physical training.
 - b. Sport.
 - c. Athletic activity.

This insurance also does not apply to any medical expense for services by the named insured, any employee thereof or any person or organization under contract to the named insured to provide such services.

Limits of Liability.

The limit of liability for PMPC stated in the schedule as applicable to "each person" is the limit of our liability for all medical expense for bodily injury to any one person as the result of any accident. Our total liability under PMPC for all medical expense for bodily injury to two or more persons as the result of any one accident shall not exceed the limit of liability stated in the schedule as applicable to "each accident".

When more than one medical payments coverage afforded by this policy applies to the loss, we shall not be liable for more than the amount of the highest applicable limit of liability.

DEFINITIONS.

The following items shall have the following meanings.

Automobile. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or apparatus, but does not include mobile equipment.

Bodily injury. Sickness or disease sustained by any person which occurs during the policy period, including death at any time resulting the injury.

Completed operations hazard. "Loss" arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, if the "loss" occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the named insured.

Operations. Materials, parts or equipment furnished in connection with the operation. Operations shall be deemed completed at the earliest of the following times.

1. When all operations to be performed by or on behalf of the named insured under the contract have been completed.
2. When all operations to be performed by or on behalf of the named insured at the site of the operations have been completed.
3. When the portion of the work out of which the "loss" arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

The **completed operations hazard** does not include "loss" arising out of the following.

1. Operations in connection with the transportation of property, unless the "loss" arises out of a condition in or on the vehicle created by the loading or unloading the vehicle.
2. The existence of tools, uninstalled equipment or abandoned or unused material.
3. Operation for which the classification stated in the policy or in our manual specifies "including completed operations."

Elevator. Any hoisting or lowering device to connect floors or landings, whether or not in service, and all appliances thereof. This includes any car, platform, shaft, hoistway, stairway, runway, power equipment and machinery. This does not include any automobile servicing hoist. This also does not include a hoist without a platform outside a building if without mechanical power or if not attached to building walls. This also does not include a hod or material hoist used in alteration, construction or demolition operations. This also does not include an inclined conveyor used exclusively for carrying property or a dumbwaiter used exclusively for carrying property and having a compartment height not exceeding four feet.

Incidental contract. Any of the following when in writing.

1. Lease of premises.
2. Easement agreement, except in connection with construction or demolition operations on or adjacent to a railroad.
3. Undertaking to indemnify a municipality required by municipal ordinance, except in connection with work for the municipality.
4. Sidetrack agreement.
5. Elevator maintenance agreement.

Insured. Any person or organization qualifying as an insured in the “persons insured” provision of the applicable insurance coverage. The insurance afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of our liability.

Insured premises. All of the following.

1. The premises designated in the declarations.
2. Premises alienated by the named insured (other than premises constructed for sale by the named insured), if possession has been relinquished to others.
3. Premises acquired by the named insured when we have been notified within 30 days after such acquisition, including the ways immediately adjoining such premises on land.

Medical expense. Expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices and necessary ambulance, hospital, professional nursing and funeral services.

Mobile equipment. A land vehicle, including any attached machinery or apparatus, whether or not self-propelled that meets any of the following.

1. Not subject to motor vehicle registration.
2. Maintained for use exclusively on premises owned by or rented to the named insured, including the ways immediately adjoining.
3. Designed for use principally on public roads.
4. Designed or maintained for the sole purpose of affording mobility to equipment of the following types forming an integral part of or permanently attached to such vehicle.
 - a. Power cranes.
 - b. Shovels, loaders, diggers and drills.
 - c. Concrete mixers (other than the mix-in-transit type).
 - d. Graders, scrapers, rollers and other road construction or repair equipment.
 - e. Air compressors, pumps and generators, including spraying, welding and building cleaning equipment.
 - f. Geophysical exploration and well servicing equipment.

Named insured. The person or organization so named in the declarations of this policy.

Named insured’s products. Goods or products manufactured, sold, handled or distributed by the named insured. This includes trading under the named insured’s name. This also includes any container of such product, other than a vehicle. However, “named insured’s products” does not include a vending machine or any property other than such container, rented or located for use of others but not sold.

Occurrence. An accident, including continuous or repeated exposure to conditions that result in unexpected or unintended “loss”.

Policy territory.

1. the United States of America, its territories or possessions, or Canada;
2. international waters or air space, provided the “loss” does not occur in the course of travel or transportation to or from any other country, state or nation; or
3. anywhere in the world with respect to damages because of “loss” arising out of a product which was sold for use or consumption within the territory described in paragraph 1. above, provided the original suit for such damages is brought within such territory.

Products hazard. Includes “loss” arising out of the named insured’s products or reliance upon a representation or warranty made at any time with respect to the product. However, “products hazard” is only present if the “loss” occurs away from premises owned by or rented to the named insured and after physical possession of such products has been relinquished to others.

Property damage. Physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use of the property. This also includes the loss of use of tangible property that has not been physically injured or destroyed, provided such loss of use occurs during the policy period.

SUPPLEMENTARY PAYMENTS.

We will pay the following, in addition to the applicable limit of liability.

1. All expenses incurred by us. All costs taxed against the insured in any suit defended by us, and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before we have paid or tendered or deposited in court that part of the judgment which does not exceed the limit of our liability thereon.
2. Premium on appeal bonds required in any such suit. Premiums on bonds to release attachments in any such suit arising out of the use of any vehicle to which this policy applies. Not to exceed \$250 per bail bond. However, we shall have no obligation to apply for or furnish any such bonds.
3. Expenses incurred by the insured for first aid to others at the time of an accident for bodily injury to which this policy applies.
4. Reasonable expenses incurred by the insured at our request in assisting us in the investigation or defense of any claim or suit, including actual loss of earnings not to exceed \$25 per day.

CONDITIONS

1. **Inspection.** We shall be permitted, but not obligated, to inspect the named insured’s property and operations at any time. No such inspection or report shall constitute a determination or warranty that the named insured’s property or operations are safe or healthful, or are in compliance with any law, rule or regulation.
2. **Financial Responsibility Laws.** When this policy is certified as proof of financial responsibility under the provisions of a motor vehicle financial responsibility law, the coverage provided by this policy shall comply with the provisions of such law to the extent required. The insured agrees to reimburse us for any payment made by us which it should not have been obligated to make under the terms of this policy except for the agreement contained in the paragraph.
3. **Insured’s Duties in the Event of Occurrence, Claim or Suit.**
 - (a) In the event of an occurrence, written notice containing particulars sufficient to identify the insured shall be given to us or our authorized agent. This includes reasonably obtainable information with respect to the time, place and circumstances of the occurrence. This also includes the names and addresses of the injured and of available witnesses. This information shall be provided to us or our agent as soon as practicable.
 - (b) If claim is made or suit is brought against the insured, the insured shall immediately forward to us every demand, notice, summons or other process received by him or his representative.
 - (c) The insured shall cooperate with us. Upon our request, the insured shall assist in making settlements and in the conduct of suits. The insured shall also assist in enforcing any right of contribution or indemnity against any person or organization who may be liable to the insured because of a covered loss. The insured shall attend hearings and trials. The insured shall assist in securing and giving evidence and obtaining the attendance of witnesses. The insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident.
4. **Action Against Company.** No action can be brought unless all of the provisions of this policy have been complied with. Also, the amount of the insured’s obligations to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and us.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy. This recovery is subject to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the insured's liability, nor shall we be impleaded by the insured or his legal representative. Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve us of any of our obligations hereunder.

5. **Other Insurance.** The insurance afforded by this policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary, the amount of our liability shall not be reduced by the existence of other insurance.

When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, we shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below.

- (a) **Contribution by Equal Shares.** If contribution by equal shares is provided for by all applicable insurance, we shall not be liable for a greater proportion of loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid. If any amount of loss remains unpaid, the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.
- (b) **Contribution by limits.** If contribution by equal shares is not provided for, we shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.
6. **Changes.** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop us from asserting any right under the terms of this policy. The terms of this policy cannot be waived or changed, except by endorsement issued to form a part of this policy.
7. **Medical Reports – Proof and Payment of Claim.** As soon as practicable the injured person or someone on his behalf shall give us written proof of claim. This shall be under oath, if required. An authorization enabling us to obtain medical reports and copies of records shall be executed at our request. The injured person shall submit to physical examination by physicians selected by us when and as often as we may reasonably require. We may pay the injured person or any person or organization rendering the services and the payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability of any person by us.

NUCLEAR LIABILITY EXCLUSION.

In addition to the Nuclear Hazard Clause contained in the policy, this policy does not provide any of the coverage detailed in this endorsement for any "loss" that meets either condition below.

1. When an insured under this policy is also an insured under a nuclear energy liability policy. This includes when an insured would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.
2. When "loss" results from the hazardous properties of nuclear material that is required to have financial protection by the Atomic Energy Act of 1954 and its amendments (AEA). This includes when the insured is or, had this policy not been issued would be, entitled to indemnity from the United States of America (USA), or any agency thereof, under any agreement entered into by the USA, or any agency thereof.

Definitions.

Hazardous properties. Radioactive, toxic or explosive properties.

Nuclear material. Source material, special nuclear material or by product material, as defined in the AEA.

ENDORSEMENT No. PO3 (Ed. 1)

Theft Coverage for Full-Time Owner-Occupied Dwellings

This endorsement changes your policy. Please read it carefully.

In order for the coverage specified below to apply, the dwelling must be occupied on a full-time basis by the owner of the dwelling.

Under PERILS INSURED AGAINST, the following named peril will be added.

10. **Theft**, including attempted theft and loss of property from the described location when it is likely that the property has been stolen.

This peril does not include loss caused by theft, if any of the following are true.

- a. Committed by any of the following.
 - (1) An **insured**.
 - (2) A tenant of the described location.
 - (3) An employee of a tenant or resident of a tenant's household.
- b. In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is completed and occupied.
- c. While the described location is rented to other than an insured, any of the following.
 - (1) Gold, goldware, silver, silverware, pewterware, platinum, coins and metals.
 - (2) Passports, tickets and stamps.
 - (3) Jewelry, watches, furs, precious and semiprecious stones.

Special Limits of Liability

These limits do not increase the Coverage C limit of liability. The special limit for each following numbered category is the total limit for each loss for all property in that numbered category.

1. \$100 on passports, tickets and stamps.
2. \$500 on trailers not used with watercraft.
3. \$500 on jewelry, watches, furs, precious and semiprecious stones.
4. \$500 on silverware, goldware, pewter and platinum, including.
 - a. Plateware, flatware, hollowware, tea sets, trays, trophies, and the like.
 - b. Other utilitarian items made of or including silver, gold, pewter or platinum.
5. \$500 on firearms.
6. \$200 on property used at any time or in any manner for any **business** purpose.
7. \$500 on computers, electronic data processing equipment and facsimile machines.
8. \$500 on antiques, fine arts, paintings and similar items of rarity, antiquity or irreplaceability. Memorabilia, souvenirs, collectibles of every kind, including but not limited to baseball and other card collections and similar articles whose age or collectible demand contributes to their value.
9. \$500 on rugs, carpets, or other woven or knit floor covering or other wall hangings.
10. \$500 on all photographic and video equipment, including but not limited to cameras, dark room equipment, video recorders, players, editors, and related equipment.
11. \$500 on all glassware and crystal, including.
 - a. Decanters, goblets, tea sets, trays, trophies and the like.
 - b. Other utilitarian items made of or including crystal.

This peril does not include loss caused by theft that occurs away from the described location, including but not limited to property within a vehicle, watercraft, trailer, or camper.

All other terms and conditions of the policy remain unchanged.

ENDORSEMENT No. PO7 (Ed. 1)

Mold Remediation Coverage

This endorsement changes your policy. Please read it carefully.

Endorsement PM9 (Mold Exclusion) is hereby amended as applied to this policy to note that it does not apply to **remediation** for ensuing mold, fungi, bacteria or other microbes (herein "mold") loss caused by any of the following.

1. Peril 1 (Fire or Lightning).
2. Peril 3 (Explosion).

As used in this endorsement, "remediation" means the:

1. treatment;
2. containment;
3. removal; or
4. disposal

of **mold** as required to complete the repair or replacement of covered property physically damaged by ensuing **mold** caused by water damage. This includes any testing to detect, measure or evaluate **mold** with respect to the Described Location or covered property.

The maximum amount of liability (MLL) for this coverage is shown on the declarations page. This is not additional insurance. This does not increase the limit of liability for Coverage A (Dwelling) or Coverage C (Personal Property).

The MLL is the most we will pay for **remediation** regardless of the number of occurrences, claims or assessments made, or locations insured under this policy. The MLL for this coverage is also the most that we will pay for each consecutive annual policy period and for any remaining period of less than twelve months, beginning with the inception date of this policy as shown on the declarations. If, however, the policy period is extended for an additional period of less than twelve months, this additional period will be considered part of the preceding period for the purpose of determining the MLL of this endorsement.

All other exclusions contained in endorsement PM9, and all other policy terms and conditions, remain unchanged.

ENDORSEMENT No. PO12-TX (Ed. 1)
Windstorm, Hurricane or Hail Exclusion

THIS ENDORSEMENT MODIFIES YOUR POLICY. PLEASE READ IT CAREFULLY.

The following exclusion is added:

We do not cover loss resulting directly or indirectly from windstorm, hurricane or hail. We will cover fire and explosion losses which are the result of windstorm, hurricane or hail.

DATE: _____

Signature of Insured

All other terms and conditions of the policy remain unchanged.

NOTE: This endorsement may only be attached to policies covering property located in a Catastrophe Designated Area (CDA). CDA's are designated by the Texas Department of Insurance.

Miscellaneous Forms

(underwriting forms only)

PACIFIC SPECIALTY INSURANCE COMPANY

WOODSTOVE INSPECTION REPORT

Report must be completed and signed by licensed contractor or member of local fire department when woodstove is not factory installed or commercially installed by appliance distributor or licensed expert.

PHOTOGRAPHS MUST BE SUBMITTED SHOWING INSIDE AND OUTSIDE VENTING
(If installed by manufacturer, do not complete.)

NAME OF INSURED:	POLICY NO.:
------------------	-------------

STOVE INFORMATION

DATE INSTALLED	INSTALLED BY	PURCHASE COST: \$
MAKE/NAME:		IS WOODSTOVE EQUIPPED WITH A HEAT RECLAIMING DEVICE? YES NO
TYPE: <input type="checkbox"/> Radiant <input type="checkbox"/> Jacketed <input type="checkbox"/> Circulating	WHAT TYPE OF FUEL IS USED?	USE: <input type="checkbox"/> Primary Heat <input type="checkbox"/> Auxiliary Heat <input type="checkbox"/> Cooking <input type="checkbox"/> Other (Specify)
HOW OFTEN ARE CHIMNEY AND STOVE PIPES CLEANED?	DATE LAST CLEANED:	BY WHOM:

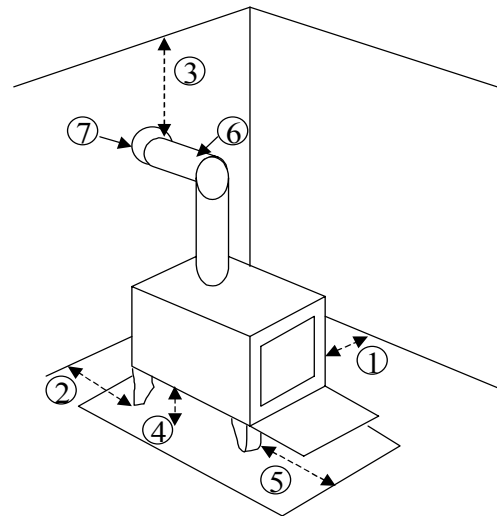
INSTALLATION INFORMATION

(IF WOODSTOVE IS PRIMARY SOURCE OF HEAT OR DOUBLE VENTED, RISK IS UNACCEPTABLE.)

LOCATION OF STOVE IN HOME:	IS THERE A SMOKE DETECTOR IN THIS ROOM? <input type="checkbox"/> Yes <input type="checkbox"/> No
FLOOR PROTECTION: <input type="checkbox"/> Asbestos Millboard Covered with Metal <input type="checkbox"/> Metal <input type="checkbox"/> Stone/Brick <input type="checkbox"/> Other (Specify)	
WALL PROTECTION: <input type="checkbox"/> Asbestos Millboard Covered with Metal <input type="checkbox"/> Metal <input type="checkbox"/> Asbestos Millboard <input type="checkbox"/> Other (Specify)	IF NONE, IS THIS ACCEPTABLE WITH THE MANUFACTURER? <input type="checkbox"/> Yes <input type="checkbox"/> No
CHIMNEY TYPE: <input type="checkbox"/> Factory Chimney <input type="checkbox"/> Masonry <input type="checkbox"/> Other (Describe)	HOW MUCH AIR SPACE BETWEEN WALL PROTECTION AND COMBUSTIBLE WALL? _____ INCHES

CLEARANCES

1	_____ INCHES SIDE OF UNIT NEAREST WALL
2	_____ INCHES REAR OF UNIT TO WALL
3	_____ INCHES TOP OF STOVE PIPE TO CEILING
4	_____ INCHES BOTTOM OF UNIT TO FLOOR
5	_____ INCHES FRONT OF UNIT TO FRONT EDGE OF FLOOR PROTECTION
6	_____ INCHES SIZE OF PIPE USED
7	_____ INCHES SIZE OF THIMBLE OR ROOF JOIST SHIELD
DO THESE DISTANCES COMPLY WITH THE MANUFACTURERS STANDARDS? <input type="checkbox"/> Yes <input type="checkbox"/> No	
REMARKS:	



A HEAT RECLAIMING DEVICE IS SOMETIMES CALLED A HEAT REGULATOR, HEAT SAVER, WASTE HEAT CIRCULATOR OR MASTER HEAT CIRCULATOR. THIS UNIT IS ATTACHED TO THE STOVE PIPE & ITS PURPOSE IS TO RECIRCULATE THE WARM AIR FROM THE PIPE VIA A FAN MOTOR. EVEN THOUGH THE FAN FORCES THE AIR OUT INTO THE ROOM, CERTAIN AMOUNT OF DOWN DRAFT IS FORCED DOWN INTO THE STOVE CAUSING A HOTTER FIRE & LARGER FLAMES.

CLAIM NUMBER :
POLICY NUMBER :
DATE AND TIME OF LOSS :
DATE REPORTED :
INSURED NAME :
EXAMINER NAME :
REPORT TAKEN BY :

LOSS SUMMARY:**ADDL LIVING EXPENSE/LOSS OF USE****Description****How Many Pets (Type) :****How Many Persons Occupy The Home:****Specific Reasons Why Not Habitable:****Cause of Loss:****Damage Percentage:****Address:****MORTGAGEE ADDRESS:****PROPERTY ADDRESS:****INTEREST:****Interest of Insured (owner, leasehold, etc.):**

NAME / INTEREST:

NAME / INTEREST:

Interest of All Others (mortgagee, loss payee, etc.):

NAME / INTEREST:

NAME / INTEREST:

Liens (if any):**Changes in title or occupancy during the policy term:****OTHER INSURANCE:**

COMPANY / POLICY NO.:

COMPANY / POLICY NO.:

COVERAGES:

ALL PERILS DEDUCTIBLE:

DWELLING

OTHER STRUCTURES

PERSONAL PROPERTY

LOSS OF USE

PERSONAL LIABILITY

CLAIM NUMBER :

POLICY NUMBER :

MEDICAL PAYMENT

PERILS:

- | | |
|----------------------|---------------------|
| A DWELLING | OPENED / NOT OPENED |
| B OTHER STRUCTURES | OPENED / NOT OPENED |
| C PERSONAL PROPERTY | OPENED / NOT OPENED |
| D LOSS OF USE | OPENED / NOT OPENED |
| E PERSONAL LIABILITY | OPENED / NOT OPENED |
| F MEDICAL PAYMENTS | OPENED / NOT OPENED |

CONFIRMED LOSS INFORMATION:

Confirmed? YES / NO

Please add any additional information or make any changes in the space provided below.

I HEREBY DECLARE THAT THIS STATEMENT IS MADE UNDER THE PENALTY OF PERJURY AND OR FRAUD AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

CLAIMANT SIGNATURE

DATE

IF YOU HAVE ANY ADDITIONAL QUESTIONS, PLEASE CONTACT THE CLAIMS DEPARTMENT AT 800-962-1172.